



21 September 2017

EXPLORATION UPDATE

Drilling to commence at Mount Isa

Hammer Metals Limited (Hammer or the Company) (**ASX: HMX**) wishes to provide an update on current exploration activities at its Mount Isa Project in Northwest Queensland.

- **+3000 metres of RC drilling** are planned for the first phase of RC drilling with a follow-up RC program expected to commence shortly after.
- Program to target the **Kalman West** gold prospect and the **Hammertime** copper-gold prospect with follow-on drilling planned at the **Elaine, Serendipity and Pharaoh** targets, all within Hammer's 100% owned tenements.
- Ongoing regional exploration activity includes:
 - Continued ground based follow-up of Pilgrim Fault VTEM anomalies;
 - Data compilation and field reconnaissance for the recently acquired Mary Kathleen shear zone tenements;
 - Soil sampling and a high resolution aeromagnetic and radiometric survey to be conducted over the Mount Philp Breccia project

Planned RC Drilling Program

RC drilling is set to commence at the **Kalman West** Au Prospect and the **Hammertime** Cu-Au Prospect located 1km and 2km west of Kalman respectively.

The Kalman West drilling is designed to follow-up recent high-grade gold results including;

- 1m at 36.9g/t Au from 101m in HKWRC001
- 1m at 3.93g/t Au from 13m in HKWRC001

(Refer to ASX release dated 28 August 2017 for details of these results.) The first tranche of drilling planned comprises 9 holes for approximately 1000 metres.

The Hammertime RC program is a first-pass test of the extensive copper-gold soil and rock chip anomalism associated with strongly altered and brecciated sediments adjacent to the Ballara Fault. Five holes for 1300 metres are planned.

Drilling is anticipated to commence at Kalman West in early October with initial assay results expected to be received in late October to early November.

Other Drilling Targets

Serendipity and Pharaoh - Drilling of two of the 12 Pilgrim Fault VTEM targets – **Serendipity and Pharaoh East** is also planned to commence following the drilling at Kalman West and Hammertime, with drill hole locations currently being finalized prior to conducting heritage clearances and pad clearing.



Elaine - Two shallow RC holes are planned test for near surface extensions of the high-grade Elaine gold-copper target located 6.5km south of Mary Kathleen where previous drilling intersected results including:

- 30m at 6.73g/t Au from 508m in MKED009
- 26m at 1.7g/t Au and 0.24% Bi from 160m including 9m at 3.63g/t Au and 0.6% Bi from 177m in MKED026

Jubilee – The Jubilee copper-gold prospect is part of the Mt Frosty JV between Hammer (51%) and MIM (49%). Previous wide-spaced drilling indicates excellent potential to delineate a copper-gold resource with minimal infill drilling. The soil copper anomaly and old workings also continue to the north of the drilled area, suggesting good potential to extend the mineralised zone. Commencement of drilling is contingent on finalizing an agreed program and budget for the JV area.

Regional Exploration

Regional exploration activity is proceeding systematically on a number of fronts.

Mary Kathleen Shear Zone

Hammer Metals now holds approximately 8km of the prospective Mary Kathleen Shear Zone which hosts the Mary Kathleen Uranium Deposit (excised), the Elaine-Dorothy Copper-Gold deposit and a number of other copper-gold-REE and uranium prospects including Koppany, Blue Caesar and Chester. Data compilation for the recently acquired tenements securing the shear zone is well advanced. A high-resolution aeromagnetic and radiometric survey is to be conducted by the DNRM over the Mary Kathleen area later in 2017 and will cover most of the Mary Kathleen tenements held by Hammer. This dataset is expected to be provided at no cost to Hammer.

Mount Philp Breccia Project

At the Mount Philp Breccia project reconnaissance soil sampling has been initiated over the breccia complex and is approximately 25% complete. It is planned to extend the area covered by the Mary Kathleen high resolution aeromagnetic and radiometric survey to the south over the Mount Philp area. This work will provide the basic datasets to progress exploration over this large IOCG target.

Pilgrim Fault VTEM Anomalies

Ground-based follow-up of the VTEM anomalies is continuing. Two of the anomalies investigated to date will be tested in the forthcoming drilling program – Serendipity and Pharaoh East.

Revenue Copper-Gold Prospect

Additional assessment of the Revenue prospect where recent drilling intercepted high-grade copper and gold results including 6m at 1.52% Cu and 1.0g/t Au from 48m is being undertaken. (Refer to ASX release dated 28 August 2017 for further details.) Soil geochemistry and ground reconnaissance indicates the mineralised zones are substantially more extensive than initially thought. The alteration and mineralisation at Revenue is indicative of Kalman type mineralisation and the zone has received minimal previous drilling.

ENDS



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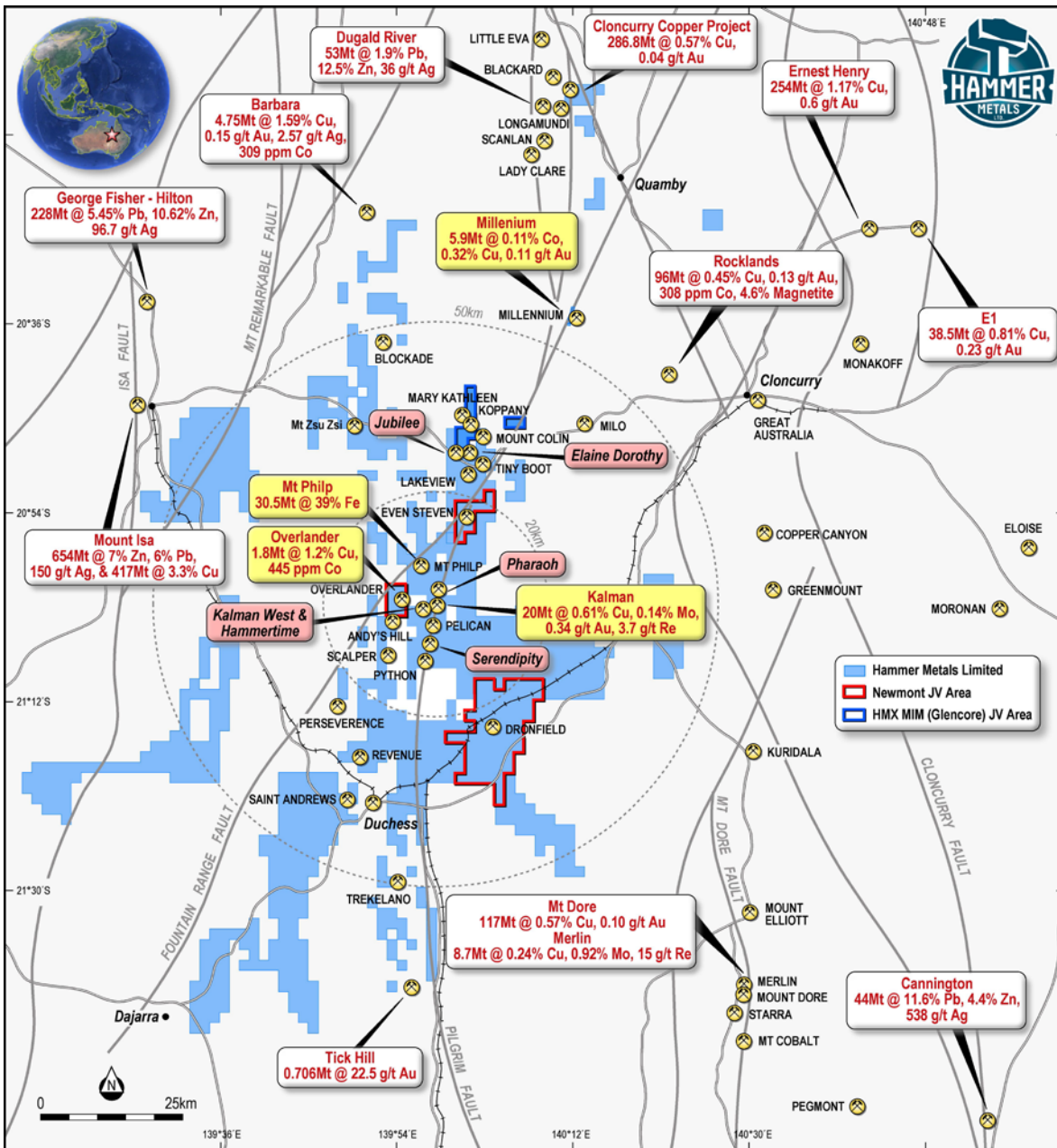
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Hammer Metals Limited (ASX: HMX) Hammer Metals holds a strategic tenement position covering approximately 3,200km² within the Mount Isa mining district, with 100% interests in the Kalman (Cu-Au-Mo-Re) deposit, the Overlander North and Overlander South (Cu-Co) deposits, the Millennium (Cu-Co-Au) deposit as well as the recently acquired Elaine-Dorothy (Cu-Au) deposit. Hammer is an active mineral explorer, focused on discovering large copper-gold deposits of the Ernest Henry style and has a range of prospective targets at various stages of testing.

Competent Person's Statement:

Exploration Results

The information in this report as it relates to exploration results and geology was compiled by Mr. Mark Whittle, who is a Member of the AusIMM and a consultant to the Company. Mr. Whittle who is a shareholder and option-holder, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Whittle consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



Mount Isa Project showing the areas targeted by the first drilling phase